



**MATTHEW G. BEVIN**  
Governor

**FINANCE AND ADMINISTRATION CABINET  
DEPARTMENT OF REVENUE  
OFFICE OF TAX POLICY AND REGULATION  
501 HIGH STREET, STATION 1  
FRANKFORT, KENTUCKY 40601  
Phone (502) 564-0926  
Fax (502) 564-9565  
www.revenue.ky.gov**

**WILLIAM M. LANDRUM III**  
Secretary

**DANIEL P. BORK**  
Commissioner

July 24, 2018

Andersen Tax, LLC  
ATTN: Wayne A. Trumbull  
Suite 170  
58 South Service Road  
Melville, NY 11747

RE: General Information Letter Request  
Tax Type: Corporation Income Tax/LLET  
KY-GIL-18-01

Dear Mr. Trumbull,

This letter is in response to your General Information Request Letter dated March 28, 2018, (the "Letter") related to nexus. A copy of the Letter is attached as Exhibit A.

In the Letter, you requested the Department of Revenue (the "Department" or "DOR") to rule whether or not Company O is doing business in Kentucky. The Department has determined that Company O is considered to be doing business in Kentucky. KRS 141.010(7) provides that doing business in Kentucky includes, but is not limited to, owning or leasing property in this state and/or deriving income from or attributable to Kentucky sources. Both of these circumstances are present in the fact pattern in the Letter.

The Letter also requested the Department to rule on whether or not Company A is considered to be doing business in Kentucky as the single member owner of Company O. Since Company O is a single-member limited liability company ("SMLLC") wholly owned by Company A, Company A is considered to be doing business in Kentucky. KRS 141.010(7) also provides that

"Doing business in this state" includes but is not limited to:

(f) Deriving income from or attributable to sources within this state, including deriving income directly or indirectly from a trust doing business in this state, or *deriving income directly or indirectly from a*

*single-member limited liability company that is doing business in this state and is disregarded as an entity separate from its single member for federal income tax purposes.*

(Emphasis Added.)

Finally, the Letter requested that the Department rule on whether or not Company O's apportionment factors flow up to Company A. Since Company O is a SMLLC wholly owned by Company A and considered to be a disregarded entity for federal purposes, Company A would file the Kentucky tax return and include Company O's apportionment information in its apportionment factor.

The above guidance is limited to the specific transaction in the Request Letter, and is based solely upon the information presented in the Request Letter. Additional facts or changes in the law could change some or all of our answers. Guidance does not constitute a final ruling, order, or determination of the DOR. Therefore, the DOR guidance cannot be appealed to the Kentucky Claims Commission, Tax Appeals. Also, a taxpayer may not file a protest based on the issuance of DOR guidance. If a taxpayer disagrees with DOR guidance, a return may be filed contrary to the DOR guidance and may either seek a refund for any overpayment and protest its denial, or may protest an assessment issued by the DOR as a result of the filing pursuant to KRS 131.110. All statutory references in KRS Chapter 141 cited herein are available at the Department's website at the following link: [revenue.ky.gov](http://revenue.ky.gov).

Should you require further assistance, please contact the Division of Corporation Income Tax at (502) 564-8139.

Respectfully,



Gary Morris

Executive Advisor

Office of Tax Policy and Regulation